

February 28, 2003

Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Suite TW-A325
Washington, D.C. 20554

Re: *Ex Parte* Presentation – re: Administrative Fees Under the
Commission's Universal Service Contribution Methodology, CC Dkt.
Nos. 96-45, 98-171, 90-571, 92-237, NSD File No. L-00-72; and CC
Dkt. Nos. 99-200, 95-116, 98-170.

Dear Ms. Dortch,

On February 27, 2003, the undersigned, on behalf of the Ad Hoc Telecommunications Users Committee ("Ad Hoc"), met with Diane Law Hsu, Deputy Division Chief of the Telecommunications Access Policy Division, and her staff, to discuss the above-referenced proceeding. The substance of the meeting is reflected in the attachment hereto.

Pursuant to sections 47 C.F.R. § 1.1206(b)(1) and (2) of the Commission's rules, copies of this letter and the attachment are being filed electronically with the Office of the Secretary.

Sincerely,



James S. Blaszak
Counsel, Ad Hoc Telecommunications Users
Committee

Attachment

Cc: Diane Law Hsu

Ad Hoc Telecommunications Users Committee

Summary of *Ex Parte* Presentation Administrative Fees

- Although the Commission's December 13, 2002 Report and Order does not limit the level of carriers' "administrative" charges for collecting and remitting USF contributions, the Commission stated that it does not expect the carriers' administrative costs to be "extraordinary."
- Developments indicate that carriers intend to impose excessive administrative charges after April 1, 2003.
- The carriers' legitimate administrative costs are very low.
 - State sales tax
 - FET
- Carriers should recover only net additional costs through a separate "administrative" fee.
 - Presumptively reasonable level: 1% of USF charges
- A truth-in-billing issue: it would be a gross mischaracterization and an unreasonable practice for carriers to characterize excessive "administrative" fees as caused by the carriers' USF contribution obligations.
- The marketplace did not prevent unreasonable markups of the Commission's USF assessment factor. It will not protect consumers from unreasonable "administrative" charges.